

## Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended.

Unit Name	Odessa Township	County	IONIA	Type	TOWNSHIP	MuniCode	34-1-100
Opinion Date-Use Calendar	6-12-08	Audit Submitted-Use Calendar	7-9-08	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 314,810.00
General Fund Expenditure:	\$ 300,756.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 292,823.00
Governmental Activities Long-Term Debt (see instructions):	\$ 73,000.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Katherine K	Last Name	Sheldon	Ten Digit License Number			1101023575
CPA Street Address	525 W Apple St	City	Hastings	State	MI	Zip Code	49058
CPA Firm Name	Walker, Fluke & Sheldon, PLLC	Unit's Street Address	525 W Apple St	City	Hastings	LU Zip	49058

**ODESSA TOWNSHIP**  
**FINANCIAL STATEMENTS**  
For the year ended March 31, 2008

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**INDEPENDENT AUDITORS' REPORT**

To the Township Board  
Odessa Township  
Ionia County, Michigan

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Odessa Township, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Odessa Township, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of Odessa Township, Michigan, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis and required supplementary information list in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Odessa Township's basic financial statements. The additional supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Odessa Township, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Hastings, Michigan  
June 12, 2008

*Walker, Fluke & Sheldon, PLC*

## Odessa Township Management Discussion and Analysis

As the Township Board of Odessa Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Odessa Township for the fiscal year ended March 31, 2008. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Township. We encourage readers to consider this information in conjunction with the letter of transmittal, which begins on page 1, and the financial statements, which begin on page 7.

### Financial Highlights

- The assets of Odessa Township exceeded its liabilities at the close of the most recent fiscal year by \$894,965 (net assets) compared to \$913,608 last year. Of this amount, \$414,343 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$18,643 compared to an increase of \$75,649 last year.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$320,073, an increase of \$11,266 compared to an ending fund balance of \$308,807 the previous year, a decrease of \$133,504.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$193,935, or 64.48% of total general fund expenditures. In 2007, the ending fund balance was \$190,868, or 62.58% of total general fund expenditures. This demonstrates the Township's fiscal discipline and places the Township in a strong financial position to meet unexpected emergencies, uncertainties at the State level or the general slowdown of the economy.

### Overview of the Financial Statements

Odessa Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., state shared revenue).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety and highways and streets.

The government-wide financial statements can be found on pages 7-8 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Odessa Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: government funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Odessa Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Debt Service Fund, which are considered to be major funds. The Fire Fund and the Road Fund are considered to be non-major funds and are combined for presentation on the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance.

The basic governmental fund financial statements can be found on pages 9-12 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs.

The fiduciary fund financial statements can be found on pages 13-14 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 15-24 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Township adopts an annual budget for its general fund, fire fund, road fund and debt service fund. Within the required supplementary information, a budget comparison statement has been provided for the general and road funds to demonstrate compliance with the budget.

Required supplementary information can be found on pages 25-26 of this report.

Individual fund statements and schedules, and combined fund statements are presented immediately following the required supplementary information on budgets on pages 27-33.

#### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Odessa Township, assets exceeded liabilities by \$894,965 at the close of the most recent fiscal year compared to \$913,608 last year.

A portion of the Township's net assets (46.30 percent) reflects its unrestricted net assets (\$414,343), which may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the Township's net assets (3.15 percent) reflects restricted net assets (\$28,229), which are resources that are subject to external restrictions on how they may be used. The remaining portion of the Township's net assets (50.55 percent) reflects its investment in capital assets (e.g. land, buildings, equipment and furniture and fixtures) (\$452,393). The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

### Odessa Township's Condensed Financial Data

	<b>Governmental Activities 03/31/2008</b>	<b>Governmental Activities 03/31/2007</b>
Current and Other Assets	\$ 444,241	\$ 383,071
Capital Assets	525,393	552,899
Total Assets	<u>969,634</u>	<u>935,970</u>
Short-Term Liabilities	6,669	18,362
Long-Term Liabilities	68,000	4,000
Total Liabilities	<u>74,669</u>	<u>22,362</u>
Net Assets		
Invested in Capital Assets, Net of related debt	452,393	552,899
Restricted	28,229	42,819
Unrestricted	414,343	317,890
Total Net Assets	<u>\$ 894,965</u>	<u>\$ 913,608</u>
Program Revenues		
Charges for Services	\$ 116,520	\$ 28,607
Capital Grants and Contributions	-	23,376
General Revenues		
Property Taxes	128,192	226,282
State Grants	126,144	125,502
Interest and Rents	18,769	13,073
Other Revenue	10,357	5,922
Total Revenues	<u>399,982</u>	<u>422,762</u>
Program Expenses		
Governmental Activities		
Legislative	2,471	2,464
General Government	199,866	184,338
Public Safety	76,239	75,452
Public Works	108,286	81,592
Other	20,514	20,951
Interest and Fiscal Charges	1,976	2,992
Total Expenses	409,352	367,789
Loss from Disposal of Capital Assets	(900)	(2,501)
Gain (Loss) on Equity Interest in Joint Venture	(8,373)	23,177
Change in Net Assets	<u>\$ (18,643)</u>	<u>\$ 75,649</u>

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

**Governmental activities.** Governmental activities decreased the Township's net assets by \$18,643, mainly due to expenses charged for depreciation which increased significantly compared to last year. This was due to the depreciation charged to the new fire truck which was not depreciated last year for the full year.

For the most part, expenses were comparable with prior year. Capital outlay was down significantly due to the purchase of a fire engine in the previous year. Expenses for Public works were up significantly because of road work done in conjunction with the new Willowbrook special assessment project. All other increases in expenses were due to normal inflationary increases.

### **Financial Analysis of the Township's Funds**

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$320,073 an increase of \$11,266 from the prior year. Last year, the Township's governmental funds combined ending fund balance was \$308,807, a decrease of \$133,505 in comparison with the prior year.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$193,935 and the total fund balance was \$292,823. Unreserved fund balance represents 64.48% of the total general fund expenditures.

The fund balance of the Township's general fund increased \$22,653 during the current fiscal year, compared to an increase of \$17,355 in the prior year. This is mainly due to increases in tax revenue and decreases in general government and legislative expenditures.

The fund balance of the Township's fire fund decreased \$11,708 during the current fiscal year, compared to a decrease of \$77,447 in the prior year.

The fund balance of the Township's road fund decreased \$9,198 during the current fiscal year, compared to a decrease of \$60,457 in the prior year. The large decrease in the previous year was due to the road millage not being renewed.

The fund balance of the Township's debt service fund increased \$9,519 during the current fiscal year, due to collections from a new special assessment, compared to a decrease of \$12,955 in the prior year.

### **General, Fire and Road Funds Budgetary Highlights**

Significant differences between the original budget and the final amended general fund budget are summarized below:

- \$6,284 decrease to general government
- \$1,100 increase to public works
- \$2,515 decrease to Insurance, Bonds, Dues, Fringes
- \$18,519 increase to capital outlay

The decrease to general government was mainly attributable to a \$5,144 decrease to the cemetery budget for normal operating expenses and a \$2,390 decrease to the budget for attorney expenses. This decrease was partially offset by a \$1,360 increase in the election budget. The decrease in Insurance, Bonds, Dues, Fringes was mostly due to savings on liability insurance. The township removed some older items from its insured list. The capital outlay increase was due to additional purchases approved by the board especially the decision to re-shingle the township hall. All other increases were minor and due to general inflationary increases. During the year, however, revenues exceeded budgetary estimates, and expenditures were less than budgetary estimates for the general fund.

### **Capital Assets**

The Township's investment in capital assets for its governmental activities as of March 31, 2008, amounts to \$525,393 (net of accumulated depreciation). This investment in capital assets includes: land, buildings, improvements, equipment and furniture and fixtures.

Major capital asset events during the current fiscal year included a Clerk's printer, two tractors on the governmental trade-in program, new roofing for the township hall, and equipment for the new fire engine. Details of the Township's capital assets are continued in the notes to the financial statements on page 22.



### **Long-Term Debt**

At the end of the current fiscal year, the Township had total bonded special assessment debt outstanding of \$73,000.

#### **The Township's Outstanding Debt**

	<u>Governmental-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Primary Government:				
Special Assessment Bonds	\$ 73,000	\$ 12,000	\$ 73,000	\$ 12,000
Fire Truck Note	-	10,000	-	10,000
Total	<u>\$ 73,000</u>	<u>\$ 22,000</u>	<u>\$ 73,000</u>	<u>\$ 22,000</u>

The Township's debt increased by \$51,000 (231.81%) during the current fiscal year. The net increase can be attributed to a money borrowed to finance the new Willowbrook paving project which was approved by the township's citizens.

Additional information on the Township long-term debt can be found on pages 20 and 21 of the notes to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

Budget assumptions: The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State shared revenues are expected to decrease in the 2008-2009 fiscal year. The Township budgeted for a decrease in state-shared revenue. The Township's millage rate will remain the same. The taxable value will increase, thus bringing in more tax revenue. However, there is a DDA District which results in the DDA District capturing taxable value increases of property owners within the district for 20 years, resulting in less revenue for the township.

### **Requests for Information**

This financial report is designed to provide a general overview of Odessa Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the (Supervisor/Treasurer/Clerk), Odessa Township, 3862 Laurel Rd, PO Box 575, Lake Odessa, MI 48849 616-374-4237.

**ODESSA TOWNSHIP**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**March 31, 2008**

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	<b>Primary Government</b>	
	<b>Governmental</b>	
<b>ASSETS</b>	<b>Activities</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 218,831	\$ 218,831
Investments	49,241	49,241
Receivables (Net)		
Taxes	5,704	5,704
Special Assessments	61,623	61,623
Other	219	219
Due From State	18,953	18,953
Due From Other Funds	94	94
Restricted Assets	28,229	28,229
Investment in Joint Venture	61,347	61,347
Capital Assets (Net of Accumulated Depreciation)	525,393	525,393
<b>Total Assets</b>	<b>969,634</b>	<b>969,634</b>
<b>LIABILITIES</b>		
Accounts Payable	-	-
Other Accrued Liabilities	1,669	1,669
Noncurrent Liabilities		
Due Within One Year	5,000	5,000
Due In More Than One Year	68,000	68,000
<b>Total Liabilities</b>	<b>74,669</b>	<b>74,669</b>
<b>NET ASSETS</b>		
Net Assets		
Invested in Capital Assets, Net of Related Debt	452,393	452,393
Restricted for Fire	5,082	5,082
Restricted for Roads	3,595	3,595
Restricted for Special Assessments	19,552	19,552
Unrestricted	414,343	414,343
<b>Total Net Assets</b>	<b>\$ 894,965</b>	<b>\$ 894,965</b>

The Notes to Financial Statements are an integral part of this statement.

**ODESSA TOWNSHIP**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**For the Year Ended March 31, 2008**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Total
<b>Primary Government</b>					
Governmental Activities					
Legislative	\$ 2,471	\$ -	\$ -	\$ (2,471)	\$ (2,471)
General Government	199,866	36,195	-	(163,671)	(163,671)
Public Safety	76,239	-	-	(76,239)	(76,239)
Public Works	108,286	80,325	-	(27,961)	(27,961)
Other	20,514	-	-	(20,514)	(20,514)
Interest and Fiscal Charges	1,976	-	-	(1,976)	(1,976)
Total Governmental Activities	<u>409,352</u>	<u>116,520</u>	<u>-</u>	<u>(292,832)</u>	<u>(292,832)</u>
Total Primary Government	<u>\$ 409,352</u>	<u>\$ 116,520</u>	<u>\$ -</u>	<u>(292,832)</u>	<u>(292,832)</u>
General Revenues					
Taxes and Penalties				128,192	128,192
State Grants				126,144	126,144
Interest and Rentals				18,769	18,769
Other Revenue				<u>10,357</u>	<u>10,357</u>
Total General Revenue				<u>283,462</u>	<u>283,462</u>
Loss from Disposal of Capital Assets				(900)	(900)
Loss on Equity Interest in Joint Venture				<u>(8,373)</u>	<u>(8,373)</u>
Change in Net Assets				(18,643)	(18,643)
Net Assets-Beginning				<u>913,608</u>	<u>913,608</u>
Net Assets-Ending				<u>\$ 894,965</u>	<u>\$ 894,965</u>

The Notes to Financial Statements are an integral part of this statement.

**ODESSA TOWNSHIP**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**March 31, 2008**

		<b>Debt Service Fund</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>	<b><u>General</u></b>			
Cash and Cash Equivalents	\$ 218,831	\$ 19,552	\$ 8,677	\$ 247,060
Investments	49,241	-	-	49,241
Receivables				
Taxes	5,704	-	-	5,704
Special Assessments	-	61,623	-	61,623
Other	-	219	-	219
Due From State	18,953	-	-	18,953
Due From Other Funds	<u>94</u>	<u>-</u>	<u>-</u>	<u>94</u>
 Total Assets	 <u>\$ 292,823</u>	 <u>\$ 81,394</u>	 <u>\$ 8,677</u>	 <u>\$ 382,894</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Other Accrued Liabilities	-	1,669	-	1,669
Deferred Revenue	<u>-</u>	<u>61,152</u>	<u>-</u>	<u>61,152</u>
 Total Liabilities	 <u>-</u>	 <u>62,821</u>	 <u>-</u>	 <u>62,821</u>
 <b>Fund Balances</b>				
Unreserved-Undesignated	193,935	-	8,677	202,612
Reserved	-	18,573	-	18,573
Designated	<u>98,888</u>	<u>-</u>	<u>-</u>	<u>98,888</u>
 Total Fund Balances	 <u>292,823</u>	 <u>18,573</u>	 <u>8,677</u>	 <u>320,073</u>
 Total Liabilities and Fund Balance	 <u>\$ 292,823</u>	 <u>\$ 81,394</u>	 <u>\$ 8,677</u>	 <u>\$ 382,894</u>

The Notes to Financial Statements are an integral part of this statement.

**ODESSA TOWNSHIP**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**March 31, 2008**

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<b>Governmental Fund Balance - March 31, 2008</b>		<b>\$ 320,073</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$ 883,523	
Less: Accumulated depreciation	<u>(358,130)</u>	525,393
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures		
		61,152
Investment in Joint Venture in governmental activities is not a financial resource and therefore is not reported in the governmental funds		
		61,347
Long-term liabilities are not due and payable in the current period and are not reported in the funds		
		<u>(73,000)</u>
<b>Net Assets of Governmental Activities</b>		<b><u>\$ 894,965</u></b>

The Notes to Financial Statements are an integral part of this statement.

**ODESSA TOWNSHIP**  
**GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Year Ended March 31, 2008**

	<u>General</u>	<u>Debt Service Fund</u>	<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes and Penalties	\$ 127,979	\$ -	\$ 213	\$ 128,192
State Grants	126,144	-	-	126,144
Charges for Services	36,195	-	-	36,195
Interest and Rentals	14,135	4,508	126	18,769
Other Revenue	<u>10,357</u>	<u>23,355</u>	<u>-</u>	<u>33,712</u>
Total Revenues	<u>314,810</u>	<u>27,863</u>	<u>339</u>	<u>343,012</u>
Expenditures				
Legislative	2,471	-	-	2,471
General Government	184,374	-	-	184,374
Public Safety	44,495	-	95	44,590
Public Works	22,844	76,177	9,265	108,286
Other	20,514	-	-	20,514
Capital Outlay	26,058	-	1,822	27,880
Debt Service				
Principal	-	12,000	10,000	22,000
Interest	<u>-</u>	<u>1,913</u>	<u>63</u>	<u>1,976</u>
Total Expenditures	<u>300,756</u>	<u>90,090</u>	<u>21,245</u>	<u>412,091</u>
Excess of Revenues Over (Under) Expenditures	<u>14,054</u>	<u>(62,227)</u>	<u>(20,906)</u>	<u>(69,079)</u>
Other Financing Sources (Uses)				
Proceeds from Disposal of Capital Assets	7,345	-	-	7,345
Proceeds from Sale of Bonds	-	73,000	-	73,000
Operating Transfers In (Out)	<u>1,254</u>	<u>(1,254)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>8,599</u>	<u>71,746</u>	<u>-</u>	<u>80,345</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	22,653	9,519	(20,906)	11,266
Fund Balance-April 1, 2007	<u>270,170</u>	<u>9,054</u>	<u>29,583</u>	<u>308,807</u>
Fund Balance-March 31, 2008	<u>\$ 292,823</u>	<u>\$ 18,573</u>	<u>\$ 8,677</u>	<u>\$ 320,073</u>

The Notes to Financial Statements are an integral part of this statement.

**ODESSA TOWNSHIP**  
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**For the Year Ended March 31, 2008**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 11,266</b>
Special assessment revenues are recorded in the statement of activities when the project is substantially complete; they are not reported in the funds if collected by year end or within 60 days of year end	56,970
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces debt)	22,000
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives	
Expenditures for capital assets	\$ 27,880
Less: Current year depreciation	47,141
Less: Proceeds from Disposal of Capital Assets	7,345
Less: Loss from Disposal of Capital Assets	900
	(27,506)
Investment in Joint Venture in governmental activities is not a financial resource and therefore is not reported in the governmental funds	(8,373)
Bond proceeds are revenue in the governmental funds, but not in the statement of activities (where it increases debt)	<u>(73,000)</u>
<b>Change in Net Assets of Governmental Funds</b>	<b><u>\$ (18,643)</u></b>

The Notes to Financial Statements are an integral part of this statement.

**ODESSA TOWNSHIP**  
**FIDUCIARY FUNDS STATEMENT OF NET ASSETS**  
**March 31, 2008**

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	<b>Cemetery Trust</b>	<b>Pension Trust</b>	<b>Current Tax Collection</b>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 2,983	\$ -	\$ 94
Investments-at Fair Value			
Other Investments	9,960	48,413	-
Total Assets	<u>12,943</u>	<u>48,413</u>	<u>94</u>
<b><u>LIABILITIES</u></b>			
Due to Other Funds	-	-	94
Total Liabilities	<u>-</u>	<u>-</u>	<u>94</u>
<b><u>NET ASSETS</u></b>			
Net Assets			
Held in Trust for Pension Benefits	-	48,413	-
Held in Trust for Cemetery Care	12,943	-	-
Total Net Assets	<u>\$ 12,943</u>	<u>\$ 48,413</u>	<u>\$ -</u>

The Notes to Financial Statements are an integral part of this statement.



**ODESSA TOWNSHIP**  
**FIDUCIARY FUNDS STATEMENT OF CHANGES IN NET ASSETS**  
**For the Year Ended March 31, 2008**

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	<u>Cemetery Trust</u>	<u>Pension Trust</u>
<b>Additions</b>		
Contributions		
Employer	\$ -	\$ 8,112
Total Contributions	-	8,112
Investment Income		
Interest and Dividends	<u>617</u>	<u>5,211</u>
Total Additions	<u>617</u>	<u>13,323</u>
<b>Deductions</b>		
Distributions	-	70,392
Charges	-	1,735
Cemetery Care	<u>755</u>	<u>-</u>
Total Deductions	<u>755</u>	<u>72,127</u>
Change in Net Assets	(138)	(58,804)
Net Assets-Beginning	<u>13,081</u>	<u>107,217</u>
Net Assets-Ending	<u>\$ 12,943</u>	<u>\$ 48,413</u>

The Notes to Financial Statements are an integral part of this statement.

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2008**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Odessa Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Odessa Township:

**REPORTING ENTITY**

Odessa Township is located in Ionia County, Michigan. The Township operates under an elected board of five members and provides services to residents in many areas including roads, fire protection and general government services. Education services are provided to citizens through several local school districts, which are separate governmental entities.

**JOINT VENTURES**

**Fire Department**

The Township, together with the Village of Lake Odessa has established a joint fire department under the provisions of Public Act 33 of 1951 and Public Act 7 of 1967. The department is known as the Lake Odessa Fire Department. The Lake Odessa Fire Department operates under an appointed board of five members. Lake Odessa Fire Department receives 55% of its operating budget from Odessa Township and the remaining 45% from the Village of Lake Odessa. All pre-existing property used by the Fire Department that is titled in the name of Odessa Township or Village of Lake Odessa will remain the property of such entity.

Odessa Township's share of the cost of fire protection for the year ended March 31, 2008 totaled \$44,495.

The following information summarizes the activity of the joint venture through March 31, 2008, the most recent audited financial statements available.

Total Assets	\$ 111,541	Total Revenues	\$ 83,051
Total Liabilities	\$ -	Total Expenditures	\$ 98,274
Total Net Assets	\$ 111,541	Increase (Decrease) in Net Assets	\$ (15,223)
Total Joint Venture Outstanding Debt	\$ -		

Complete financial statements for Lake Odessa Fire Department can be obtained from:

Lisa Williams  
3862 Laurel Rd  
Lake Odessa, MI 48849

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2008**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual; therefore, they have been recognized as revenue in the current fiscal period. All other revenues are considered to be measurable only when the Township receives cash.

Taxes Receivable - The Township property tax is levied on each December 1<sup>st</sup> based on the taxable valuation of property located in the Township as of the preceding December 31<sup>st</sup>. These taxes are due on February 28<sup>th</sup>. After that date, they are added to the county delinquent tax rolls.

Although the Township ad valorem tax is levied and collectible on February 1<sup>st</sup>, it is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2007 State taxable valuation of the Township totaled \$114,620,160 on which ad valorem taxes levied consisted of .8969 mills for Township operating purposes raising \$94,297 for operating purposes.

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2008**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)**

The Township reports the following major governmental funds:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.
- The Debt Service Fund accounts for the Township's paving and sewer projects in the Tupper Lake and Willowbrook areas. Revenues are primarily derived from special assessments levied on the residents of the special assessment districts.

Additionally, the government reports the following fiduciary fund types:

- The Pension Trust Fund accounts for the activities of the retirement system, which accumulates resources for pension benefit payments to qualified employees.
- The Cemetery Trust Fund accounts for the perpetual care of certain cemetery lots.
- The Trust and Agency Fund accounts for the assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The tax collection fund is the Township's only Trust and Agency Fund.

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> based on the taxable valuation of property located in the Township as of the preceding December 31<sup>st</sup>. These taxes are due on February 28<sup>th</sup>. After that date, they are added to the county's delinquent tax rolls.

The delinquent real property taxes of the Township are purchased by Ionia County. The County sells tax notes and the proceeds are used to pay the Township for these property taxes. The Township receives its settlement of delinquent property taxes from Ionia County within the sixty-day period and therefore recognizes the revenue as current year property tax revenue.

Restricted Assets - The Township has restricted assets for roads, fire and debt service. By restricting a portion of the net assets for a specific purpose, the Township has limited the use of the funds for that specific purpose only. The Township Board cannot change the amounts restricted and cannot spend the restricted funds for any other purpose than roads and special assessments.

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2008**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)**

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

<u>General Assets</u>	
Buildings	40 years
Land Improvements	15 years
Furniture	10 years
Equipment	7 years
Data Processing Equipment	5 years

Long-Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Reserved Fund Balances - The Township has reserved fund balances for debt service. By reserving a portion of fund balance for a specific purpose, the Township Board has established a policy that the amounts reserved are to be used for a specific purpose. The Township Board cannot change the amounts reserved and cannot spend the reserved funds for any other purpose than special assessments debt service.

Designated Fund Balances - The Township has designated fund balances for cemetery improvements, capital projects and equipment. By designating a portion of fund balance for a specific purpose, the Township Board has established a policy that the amounts designated are to be used for a specific purpose. The Township Board can change the amounts so designated if they desire.

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets were adopted for all required governmental fund types. The Township Boards prepares the annual budgets prior to March 31. A Public Hearing is conducted to obtain taxpayers' comments. The budget documents present information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

**ODESSA TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2008**

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**EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETED FUNDS**

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2008, the Township incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

<u>FUND</u>	<u>BUDGET APPROPRIATION</u>	<u>ACTUAL EXPENDITURE</u>	<u>BUDGET VARIANCE</u>
Fire:			
Public Safety	\$ -	\$ 11,980	\$ 11,980

**ENCUMBRANCE ACCOUNTING**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by Odessa Township

**DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated two banks, one savings bank and an investment company for the deposit of Odessa Township funds.

The Township retirement system's investments are held in trust by the investment fiduciary, John Hancock Life Insurance Company. Michigan Compiled Laws, Section 38.1132, authorizes the Township retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types depending on the size of the system.

The Township's deposits and investments are in accordance with statutory authority.

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2008**

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**DEPOSITS AND INVESTMENTS (Continued)**

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<b><u>GOVERNMENTAL ACTIVITIES</u></b>	<b><u>FIDUCIARY FUNDS</u></b>	<b><u>TOTAL PRIMARY GOVERNMENT</u></b>
Cash and Cash Equivalents	\$ 218,831	\$ 3,077	\$ 221,908
Investments	49,241	58,373	107,614
Restricted Assets	<u>28,229</u>	<u>-</u>	<u>28,229</u>
Total	<u>\$ 296,301</u>	<u>\$ 61,450</u>	<u>\$ 357,751</u>

The breakdown between deposits and investments is:

	<b><u>TOTAL PRIMARY GOVERNMENT</u></b>
Cash and Cash Equivalents (Checking and Savings Accounts, Certificates of Deposit)	\$ 309,288
Investment in Securities (Mutual Funds and Similar Vehicles)	48,413
Petty Cash and Cash on Hand	<u>50</u>
Total	<u>\$ 357,751</u>

Custodial credit risk is the risk that the Township will not be able to recover its deposits in the event of financial institution failure. The Township's deposits are exposed to the custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2008, the Township has deposits with a carrying amount of \$309,288 and a bank balance of \$333,581. Of the bank balance, \$219,552 is covered by federal depository insurance and \$114,029 is uninsured and \$0 is collateralized. The Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**LONG-TERM DEBT**

The government issues bonds to provide for special assessments. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2008**

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**LONG-TERM DEBT (Continued)**

The following is a summary of the debt outstanding for Odessa Township as of March 31, 2008:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Addition (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
Special Assesment Bonds						
Tupper Lake	5.70%-6.10%	2008	\$ 12,000	\$ (12,000)	\$ -	\$ -
Willowbrook	4.63%	2014	-	73,000	73,000	5,000
Fire Truck Note						
Fire Truck	3.93%	2007	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Total Governmental Activities			<u>\$ 22,000</u>	<u>\$ 51,000</u>	<u>\$ 73,000</u>	<u>\$ 5,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End March 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 5,000	\$ 3,242
2010	11,000	2,891
2011	11,000	2,382
2012	11,000	1,873
2013	11,000	1,364
2014 and thereafter	<u>24,000</u>	<u>1,110</u>
Total	<u>\$ 73,000</u>	<u>\$ 12,862</u>



**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2008**

**CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

	<b><u>BEGINNING BALANCE</u></b>	<b><u>INCREASES</u></b>	<b><u>DECREASES</u></b>	<b><u>ENDING BALANCE</u></b>
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 19,097	\$ -	\$ -	\$ 19,097
Subtotal	<u>19,097</u>	<u>-</u>	<u>-</u>	<u>19,097</u>
Capital Assets Being Depreciated				
Buildings	220,008	14,500	-	234,508
Improvements	34,325	-	-	34,325
Furniture	12,133	-	-	12,133
Equipment	561,829	12,321	10,010	564,140
Data Processing Equipment	<u>19,000</u>	<u>1,059</u>	<u>739</u>	<u>19,320</u>
Subtotal	847,295	27,880	10,749	864,426
Less Accumulated Depreciation for				
Buildings	44,012	5,413	-	49,425
Improvements	8,308	1,945	-	10,253
Furniture	9,452	1,092	-	10,544
Equipment	238,664	37,295	1,802	274,157
Data Processing Equipment	<u>13,057</u>	<u>1,396</u>	<u>702</u>	<u>13,751</u>
Subtotal	<u>313,493</u>	<u>47,141</u>	<u>2,504</u>	<u>358,130</u>
Net Capital Assets Being Depreciated	<u>533,802</u>	<u>(19,261)</u>	<u>8,245</u>	<u>506,296</u>
<b>Governmental Activities Total</b>				
Capital Assets-Net of Depreciation	<u>\$ 552,899</u>	<u>\$ (19,261)</u>	<u>\$ 8,245</u>	<u>\$ 525,393</u>

Depreciation expense was charged to programs of the Township as follows:

Governmental Activities	
General Government	\$ 15,492
Public Safety	<u>31,649</u>
Total Government Activities	<u>\$ 47,141</u>

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2008**

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances is as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>FUND</u>	<u>INTERFUND PAYABLES</u>
General	\$ 94	Current Tax	\$ 94
	<u>\$ 94</u>		<u>\$ 94</u>
<u>FUND</u>	<u>TRANSFERS IN</u>	<u>FUND</u>	<u>TRANSFERS OUT</u>
General	\$ 1,254	Debt Fund	\$ 1,254
	<u>\$ 1,254</u>		<u>\$ 1,254</u>

The interfund receivables and payables represent money owed to the general fund for taxes collected in the current tax fund and not yet distributed to this fund. Transfers were used to move debt service funds to the general fund where the expenditures were expended from in accordance with budgetary authorizations.

**RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township manages its risk exposure through a combination of risk management pools and commercial insurance. The Township has insurance provided by an independent insurance company for worker's compensation. Following is a summary of the risk management pool participation.

The Township participates in the Michigan Township Participating Plan (Par Plan) for property, general liability, and employee bond coverage. The Par Plan was established in April 1985, pursuant to laws of the State of Michigan, which authorizes local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of the plan is to jointly exercise powers common to each participating member to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses occurring in the operation of its members; and to defend and protect any member of the authority against liability or loss.

The Par Plan, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Par Plan. Due to this reinsurance purchase, there is no pooling of risk between members. The plan has protected itself in the event a reinsurance becomes uncollectible by purchasing a reinsurance treaty for uncollectible reinsurance.

The Par Plan chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverages 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above that retention amount.

The individual members are responsible for their self-retention amounts (deductibles), which vary from member to member.

At March 31, 2008, there were no claims, which exceeded insurance coverage. The Township had no significant reduction in insurance coverage from previous years.

**ODESSA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2008**

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**DEFINED CONTRIBUTION PLAN**

The Township contributes to a defined contribution pension plan for its eligible employees. John Hancock Life Insurance Company holds the participants' accounts in individual "guaranteed accounts".

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeiture of other participants' benefits that may be allocated to such participant's account. The pension plan is available to all members of the township board and cemetery employees who have attained the age of 18. Contributions by the Township vest upon twelve months of completion. The Township contributes 10% of the participants' gross earnings. Voluntary employee contributions are not allowed.

During the year, the Township's required and actual contributions amounted to \$8,112, which was 10.65% of its current-year covered payroll of \$76,162. The total fiscal year payroll was \$89,026. No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

**ODESSA TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**For the Year Ended March 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning of Year Fund Balance	\$ 270,170	\$ 270,170	\$ 270,170	\$ -
Resources (Inflows)				
Taxes and Penalties	120,800	120,800	127,979	7,179
State Grants	120,000	120,000	126,144	6,144
Charges for Services	23,900	23,900	36,195	12,295
Interest and Rentals	7,810	7,810	14,135	6,325
Other Revenue	<u>7,050</u>	<u>11,700</u>	<u>10,357</u>	<u>(1,343)</u>
Total Resources	<u>279,560</u>	<u>284,210</u>	<u>314,810</u>	<u>30,600</u>
Charges to Appropriations (Outflows)				
Legislative	3,310	3,310	2,471	839
General Government				
Supervisor	17,510	17,510	16,734	776
Elections	1,875	3,235	3,233	2
Assessor	21,000	21,100	21,090	10
Attorney	5,000	2,610	2,562	48
Clerk	21,240	21,030	20,439	591
Audit	5,500	5,500	5,500	-
Board of Review	1,080	1,080	668	412
Treasurer	26,560	26,560	26,273	287
Township Hall	15,905	15,905	13,617	2,288
Cemetery	66,797	72,152	74,258	(2,106)
Public Safety				
Fire Department	44,500	44,500	44,495	5
Public Works				
Drains	18,500	19,600	19,596	4
Highways	15,750	15,750	3,248	12,502
Other				
Insurance, Bonds, Dues and Fringes	24,000	21,485	20,514	971
Capital Outlay	<u>10,500</u>	<u>29,019</u>	<u>26,058</u>	<u>2,961</u>
Total Charges to Appropriations	<u>299,027</u>	<u>320,346</u>	<u>300,756</u>	<u>19,590</u>
Excess of Resources Over (Under) Appropriations	<u>(19,467)</u>	<u>(36,136)</u>	<u>14,054</u>	<u>50,190</u>

**ODESSA TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Other Financing Sources (Uses)				
Proceeds From Sale of				
Capital Assets	7,400	7,400	7,345	(55)
Operating Transfers In	13,550	13,550	1,254	(12,296)
Operating Transfers Out	<u>1,600</u>	<u>1,600</u>	<u>-</u>	<u>(1,600)</u>
Total Other Financing Sources (Uses)	<u>19,350</u>	<u>19,350</u>	<u>8,599</u>	<u>(13,951)</u>
Excess of Resources and Other Sources				
Over (Under) Appropriations				
and Other Uses	<u>(117)</u>	<u>(16,786)</u>	<u>22,653</u>	<u>39,439</u>
Budgetary Fund Balance -				
March 31, 2008	<u>\$ 270,053</u>	<u>\$ 253,384</u>	<u>\$ 292,823</u>	<u>\$ 39,439</u>

**ODESSA TOWNSHIP**  
**COMBING BALANCE SHEET- NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended March 31, 2008**

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	Fire Fund	Road Fund	Total Governmental Non-Major Funds
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	<u>\$ 5,082</u>	<u>\$ 3,595</u>	<u>\$ 8,677</u>
Total Assets	<u>\$ 5,082</u>	<u>\$ 3,595</u>	<u>\$ 8,677</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
Fund Balances			
Unreserved-Undesignated	5,082	3,595	8,677
Reserved	-	-	-
Designated	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>5,082</u>	<u>3,595</u>	<u>8,677</u>
Total Liabilities and Fund Balance	<u>\$ 5,082</u>	<u>\$ 3,595</u>	<u>\$ 8,677</u>

**ODESSA TOWNSHIP**  
**COMBING INCOME STATEMENT -NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended March 31, 2008**

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	<u>Fire Fund</u>	<u>Road Fund</u>	<u>Total Governmental Non-Major Funds</u>
Revenues			
Taxes and Penalties	\$ 213	\$ -	\$ 213
Interest and Rentals	<u>59</u>	<u>67</u>	<u>126</u>
Total Revenues	<u>272</u>	<u>67</u>	<u>339</u>
Expenditures			
Public Safety	95	-	95
Public Works	-	9,265	9,265
Capital Outlay	1,822	-	1,822
Debt Service			
Principal	10,000	-	10,000
Interest	<u>63</u>	<u>-</u>	<u>63</u>
Total Expenditures	<u>11,980</u>	<u>9,265</u>	<u>21,245</u>
Excess of Revenues Over (Under)			
Expenditures	<u>(11,708)</u>	<u>(9,198)</u>	<u>(20,906)</u>
Fund Balance-April 1, 2007	<u>16,790</u>	<u>12,793</u>	<u>29,583</u>
Fund Balance-March 31, 2008	<u>\$ 5,082</u>	<u>\$ 3,595</u>	<u>\$ 8,677</u>

**ODESSA TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended March 31, 2008**

<b>REVENUES</b>	<b>ORIGINAL BUDGET</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH AMENDED BUDGET</b>
Taxes and Penalties:				
Current Property Taxes			\$ 86,174	
Delinquent Property Taxes			4,248	
Collection Fees			34,886	
Penalties and Interest on Taxes			2,671	
Total Taxes and Penalties	\$ 120,800	\$ 120,800	127,979	\$ 7,179
State Grants:				
State Revenue Sharing:				
Sales Tax			120,614	
Other			5,530	
Total State Grants	120,000	120,000	126,144	6,144
Charges for Services:				
Grave Foundations			4,695	
Grave Openings			17,700	
Sale of Cemetery Lots			13,800	
Total Charges for Services	23,900	23,900	36,195	12,295
Interest and Rentals:				
Interest			8,873	
Rentals			5,262	
Total Interest and Rentals	7,810	7,810	14,135	6,325
Other Revenue:				
Land Split Applications			1,050	
Reimbursements			5,763	
Miscellaneous			3,544	
Total Other Revenue	7,050	11,700	10,357	(1,343)
Total Revenues	279,560	284,210	314,810	30,600



**ODESSA TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2008**

<b>EXPENDITURES</b>	<b>ORIGINAL BUDGET</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH AMENDED BUDGET</b>
<b>Legislative:</b>				
Township Board:				
Salaries			2,295	
Social Security			<u>176</u>	
<b>Total Legislative</b>	<u>3,310</u>	<u>3,310</u>	<u>2,471</u>	<u>839</u>
<b>General Government:</b>				
Supervisor:				
Salary			14,125	
Social Security			1,081	
Supplies			18	
Computer Support			990	
Printing and Publishing			89	
Education & Training			75	
Transportation			310	
Miscellaneous			<u>46</u>	
<b>Total Supervisor</b>	<u>17,510</u>	<u>17,510</u>	<u>16,734</u>	<u>776</u>
Elections:				
Wages			1,759	
Social Security			23	
Supplies			791	
Computer Support			389	
Printing and Publishing			45	
Transportation			135	
Miscellaneous			<u>91</u>	
<b>Total Elections</b>	<u>1,875</u>	<u>3,235</u>	<u>3,233</u>	<u>2</u>
Assessor:				
Contracted Services			<u>21,090</u>	
<b>Total Assessor</b>	<u>21,000</u>	<u>21,100</u>	<u>21,090</u>	<u>10</u>
Attorney:				
Contracted Services			<u>2,562</u>	
<b>Total Attorney</b>	<u>5,000</u>	<u>2,610</u>	<u>2,562</u>	<u>48</u>

**ODESSA TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2008**

<u>EXPENDITURES (Continued)</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
<b>General Government (Continued)</b>				
Clerk:				
Salary			15,965	
Social Security			1,221	
Supplies			945	
Computer Support			1,677	
Printing and Publishing			433	
Travel			18	
Education and Training			135	
Miscellaneous			45	
Capital Outlay			1,059	
Total Clerk	21,240	22,130	<u>21,498</u>	632
Audit:				
Contracted Services			5,500	
Total Audit	5,500	5,500	<u>5,500</u>	-
Board of Review:				
Per Diem and Fees			650	
Social Security			18	
Total Board of Review	1,080	1,080	<u>668</u>	412
Treasurer:				
Salary			17,510	
Other Wages			888	
Social Security			1,372	
Postage			3,417	
Supplies			1,744	
Computer Support			873	
Transportation			102	
Education and Training			185	
Miscellaneous			182	
Total Treasurer	26,560	26,560	<u>26,273</u>	287
Township Hall:				
Salaries			1,316	
Social Security			101	
Supplies			1,399	
Contracted Services			4,074	
Telephone			1,673	
Utilities			4,053	
Repairs and Maintenance			939	
Miscellaneous			62	
Capital Outlay			14,500	
Total Township Hall	<u>15,905</u>	<u>30,405</u>	<u>28,117</u>	<u>2,288</u>

**ODESSA TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2008**

<u>EXPENDITURES (Continued)</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
<b>General Government (Continued):</b>				
Cemetery:				
Salaries			26,522	
Other Salaries			7,571	
Social Security			2,608	
Fringes			6,902	
Unemployment Withholding			2,217	
Supplies			3,254	
Computer Support			449	
Printing and Publishing			364	
Contracted Services			14,755	
Telephone			629	
Fuel and Gas			2,647	
Utilities			100	
Repairs and Maintenance			4,965	
Miscellaneous			1,275	
Capital Outlay			10,499	
Total Cemetery	<u>77,297</u>	<u>85,571</u>	<u>84,757</u>	<u>814</u>
Total General Government	<u>192,967</u>	<u>215,701</u>	<u>210,432</u>	<u>5,269</u>
<b>Public Safety:</b>				
Fire Department:				
Contracted Services			44,495	
Total Fire Department	<u>44,500</u>	<u>44,500</u>	<u>44,495</u>	<u>5</u>
Total Public Safety	<u>44,500</u>	<u>44,500</u>	<u>44,495</u>	<u>5</u>
<b>Public Works:</b>				
Drains:				
Contracted Services			19,596	
Total Drains	18,500	19,600	<u>19,596</u>	4
Highways:				
Brine Road Cost			2,763	
Culverts/Gradall			485	
Total Highways	<u>15,750</u>	<u>15,750</u>	<u>3,248</u>	<u>12,502</u>
Total Public Works	<u>34,250</u>	<u>35,350</u>	<u>22,844</u>	<u>12,506</u>

**ODESSA TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2007**

<u>EXPENDITURES (Continued)</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
<b>Other:</b>				
Membership and Dues			1,785	
Retirement			8,652	
Insurance and Bonds			9,077	
Other			<u>1,000</u>	
Total Other	<u>24,000</u>	<u>21,485</u>	<u>20,514</u>	<u>971</u>
Total Expenditures	<u>299,027</u>	<u>320,346</u>	<u>300,756</u>	<u>19,590</u>
Excess of Revenues Over Expenditures	<u>(19,467)</u>	<u>(36,136)</u>	<u>14,054</u>	<u>50,190</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds From Trade-Ins of				
Capital Assets	7,400	7,400	7,345	(55)
Operating Transfers In	13,550	13,550	1,254	(12,296)
Operating Transfers Out	<u>1,600</u>	<u>1,600</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>19,350</u>	<u>19,350</u>	<u>8,599</u>	<u>(12,351)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(117)	(16,786)	22,653	39,439
Fund Balance-April 1, 2007	<u>270,170</u>	<u>270,170</u>	<u>270,170</u>	<u>-</u>
Fund Balance-March 31, 2008	<u>\$ 270,053</u>	<u>\$ 253,384</u>	<u>\$ 292,823</u>	<u>\$ 39,439</u>



**WALKER, FLUKE & SHELDON, PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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Katherine K. Sheldon, C.P.A.

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To the Township Board  
Odessa Township  
Ionia County, Michigan

In planning and performing our audit of the financial statements of the Odessa Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Odessa Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses.

- The Township does not have the technical expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, changes in capital assets, and to present required financial statement disclosures. Currently, the Township contracts with Walker, Fluke & Sheldon, PLC to prepare the financial statements and assist with accrual entries.

This communication is intended solely for the information and use of management, the board of trustees of Odessa Township and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Hastings, MI  
June 12, 2008

*Walker, Fluke & Sheldon, PLC*